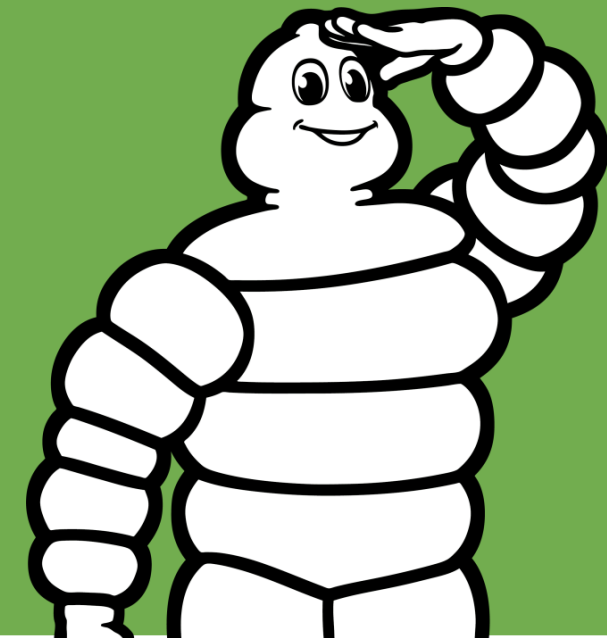
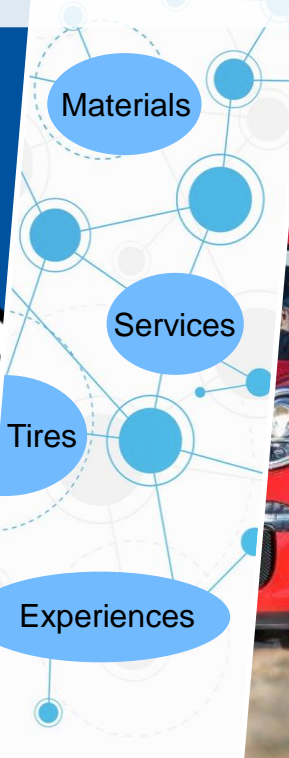
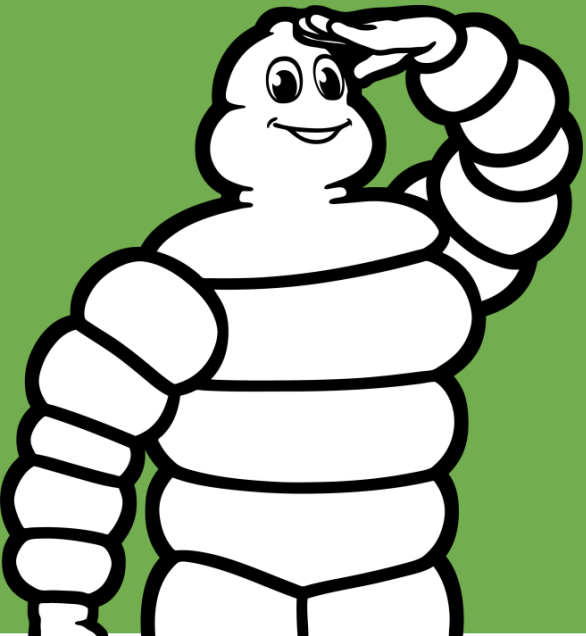


Investor Day in Almeria – April 04, 2019

# 2020 Strategic plan milestone

Marc HENRY, Chief Financial Officer





# 2020 TARGETS : WHERE ARE WE AT MID POINT?



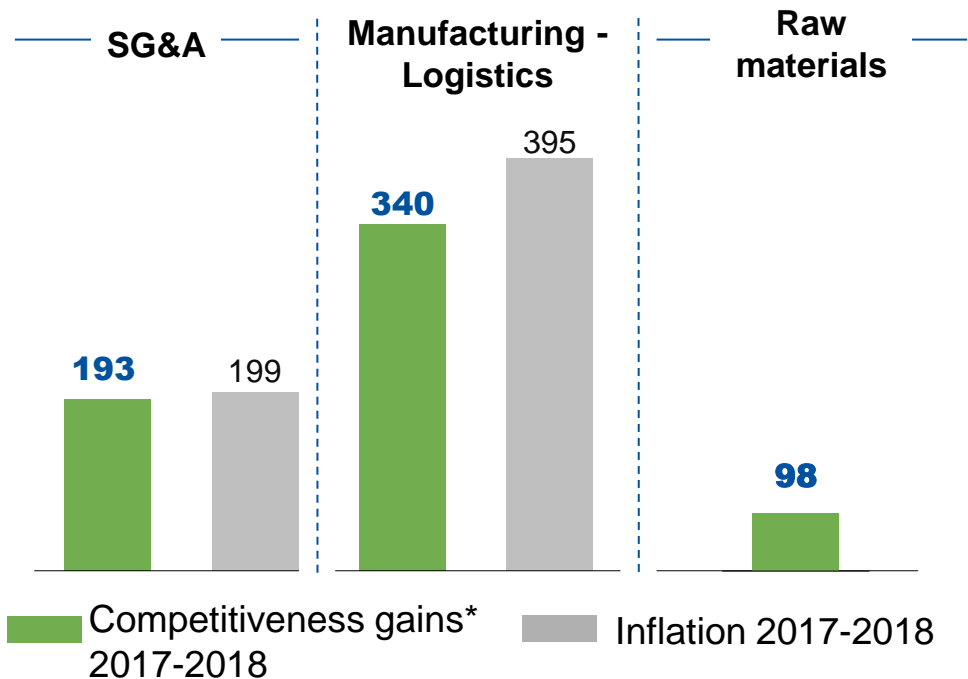
# Sales 2020 ambitions: on target on the main tire objective

|                                   | Tires       | Services      | Experiences   | Materials  |
|-----------------------------------|-------------|---------------|---------------|--|
| <b>2015-2020 Target*</b>          | Sales +20%  | Sales doubled | Sales tripled | Capitalize on our leadership                     |
| <b>2018 vs 2015 achievements*</b> | <b>+11%</b> | <b>+26%</b>   | <b>+73%</b>   | <b>€240m of sales</b><br>(Fenner AEP and LeHigh) |

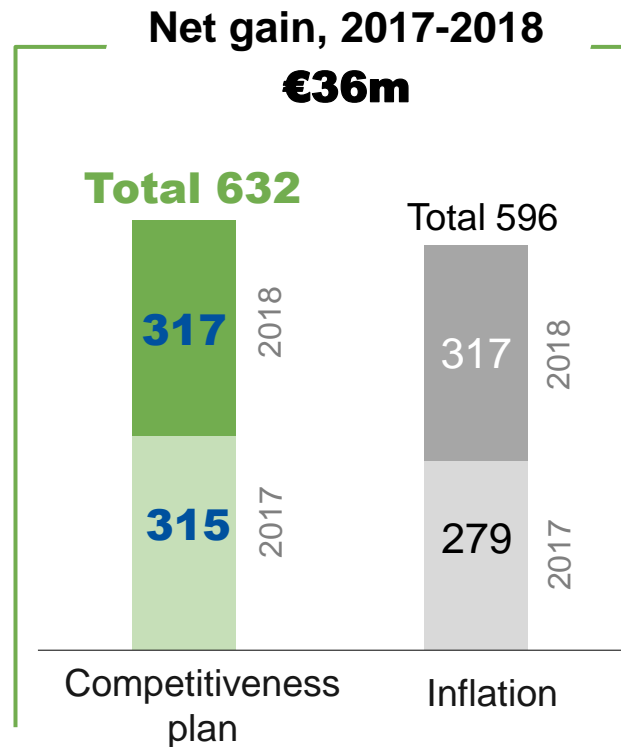
\* at constant exchange rate



# Competitiveness plan vs inflation 2017-2018 results



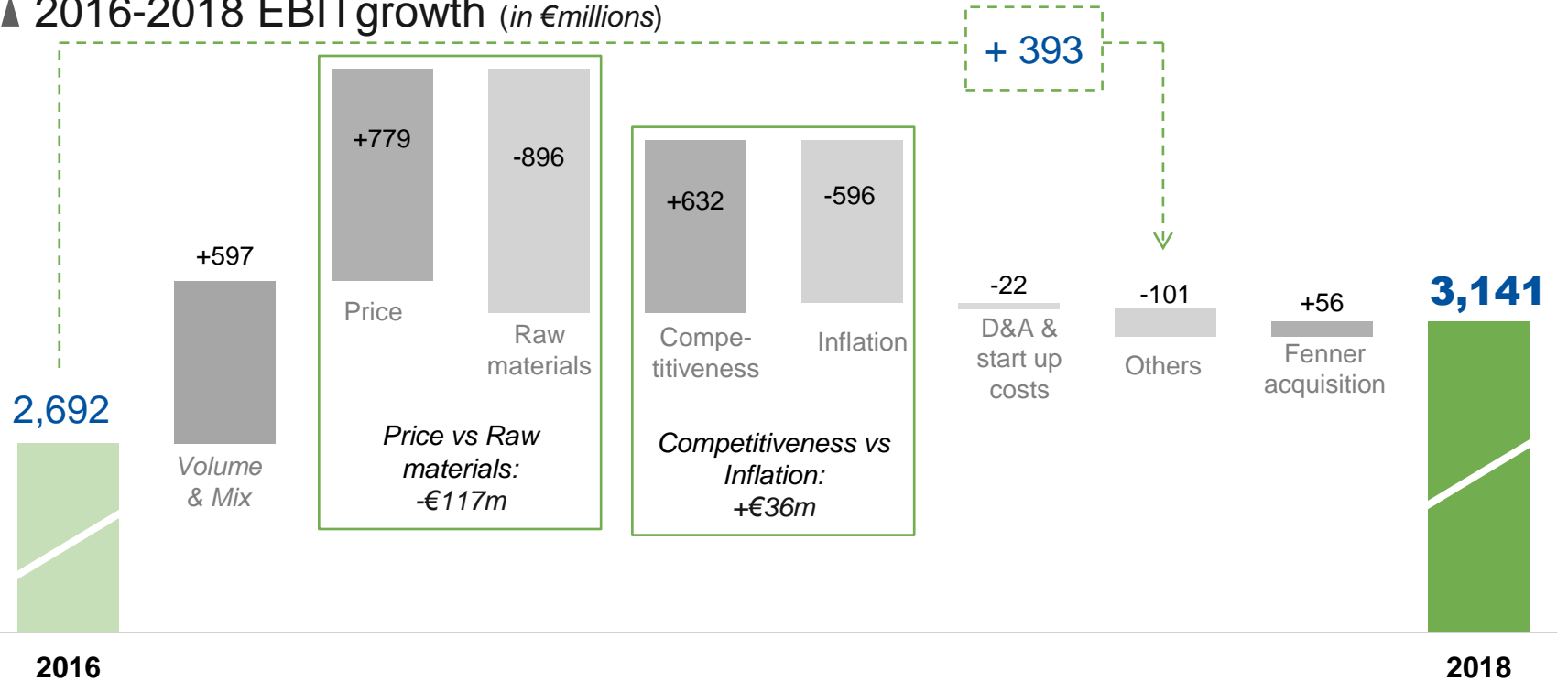
\* before inflation and including avoided costs





# 2016-2018: +€200m/year organic EBIT growth

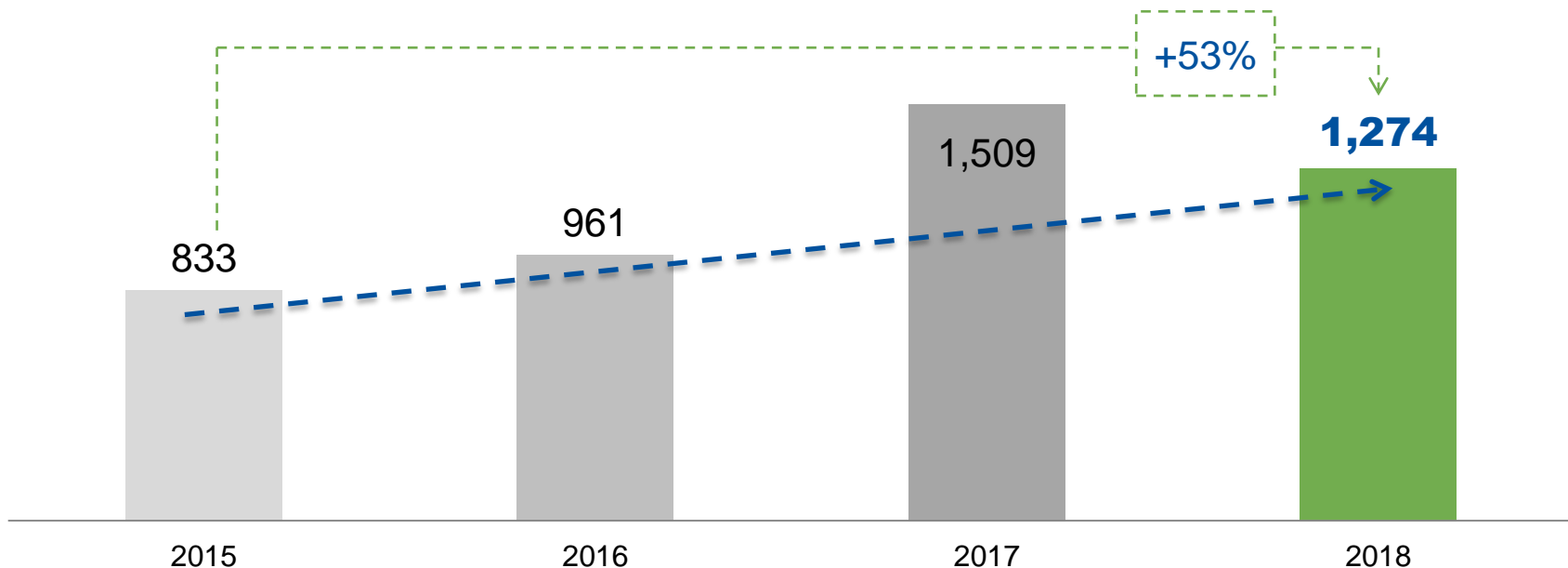
## ▲ 2016-2018 EBIT growth (in €millions)





# Structural FCF: up €441m in 3 years including €258m exceptional pension contribution

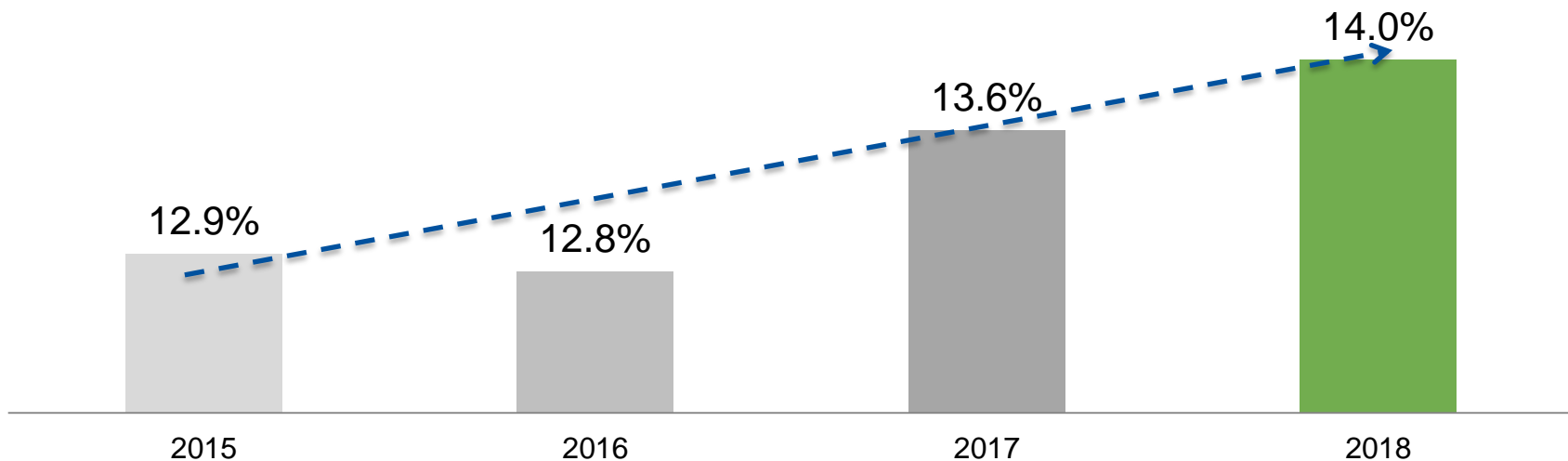
▲ Structurally growing FCF (in €millions)



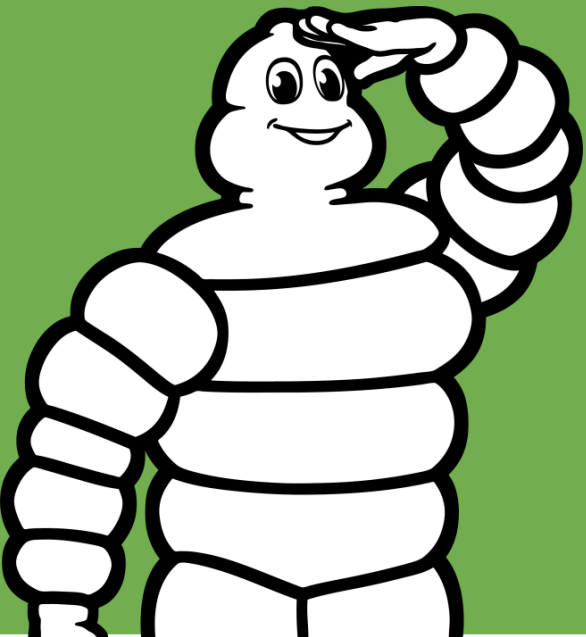


## ROCE: reaching 14%

▲ ROCE after taxes



*with 31% tax rate in 2015-2016; 28% in 2017 and 26% in 2018 and excluding Goodwill*



# CONFIRMING 2020 AMBITIONS: WHAT IS TO BE ACHIEVED IN 2019-2020?

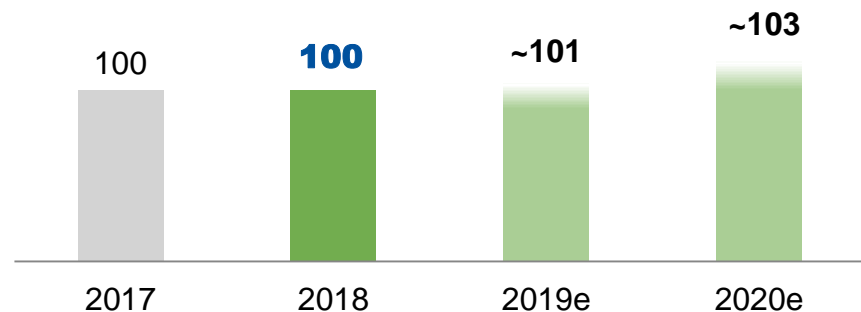




# Passenger car tire market: capturing growth expectations

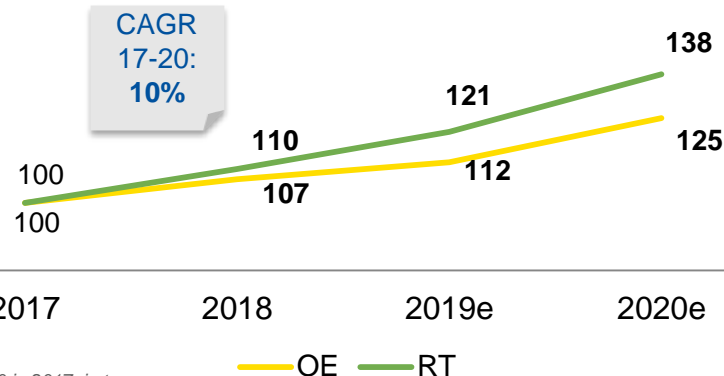


▲ PC worldwide tire market\*

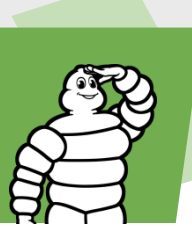


\*base 100 in 2017, in tons

▲ PC worldwide ≥ 18' tire market\*



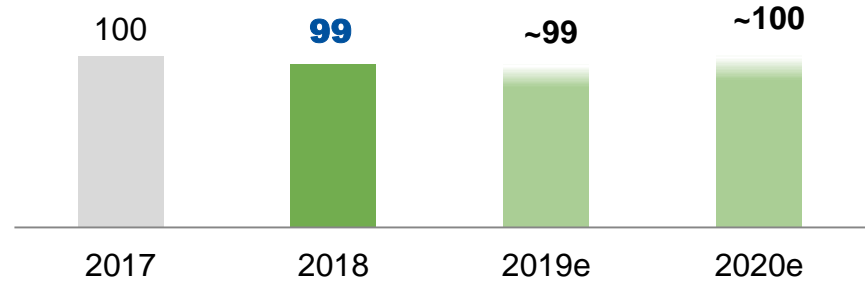
\*base 100 in 2017, in tons



# B2B tire market: capturing growth expectations



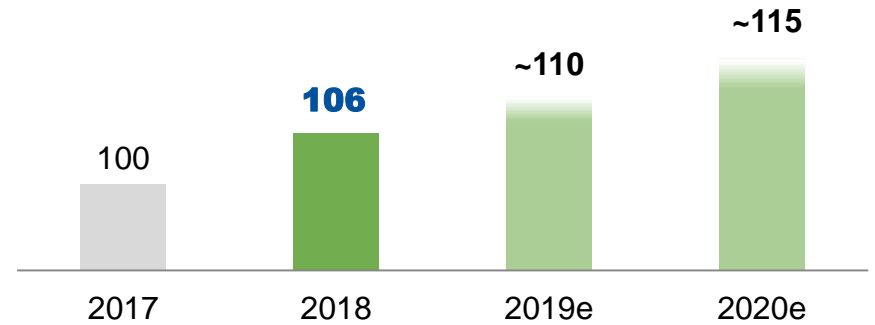
▲ Truck worldwide tire market\*



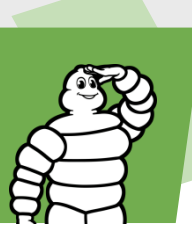
\*base 100 in 2017, in tons



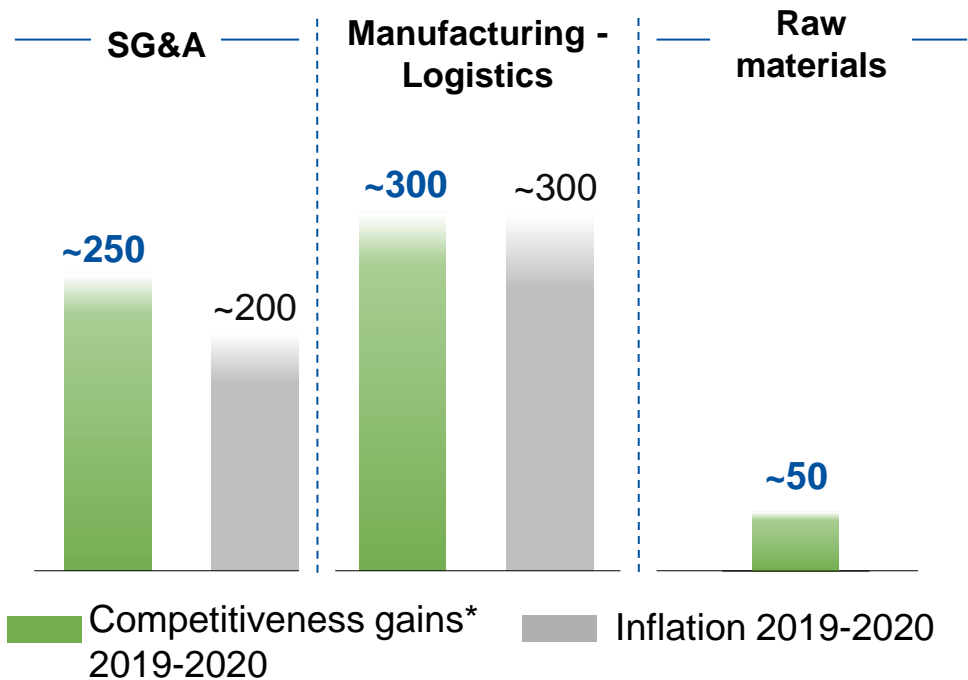
▲ Specialty worldwide tire market\*



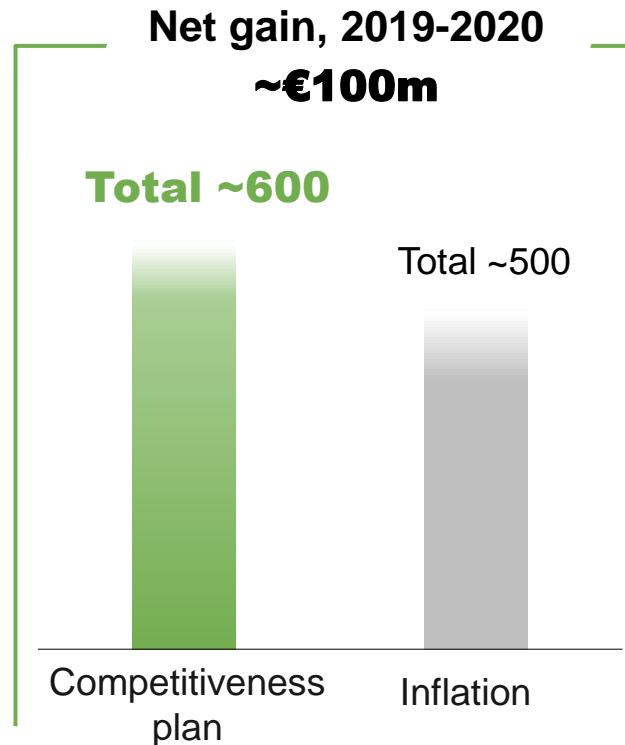
\*base 100 in 2017, in tons



# Competitiveness plan vs inflation 2019-2020 ambitions



\* before inflation and including avoided costs





# Optimizing footprint to catch growth opportunities

## Capacity reductions 2016-2020

Europe: closure of three retreading centers and a semi-finished products facility  
UK: closure of the Ballymena Truck tire plant (76 kt)  
UK: closure of the <16" PC/LT tire plant in Dundee (52 kt)

## Capacity increases 2016-2020

PC/LT, China: +20%  
Capacity raised to 240 kt  
  
PC/LT, Thailand: +10%  
Capacity raised to 165 kt  
  
Truck, Thailand: +24%  
Capacity raised to 75 kt

## Capacity increases 2018-2020

Mexico: new PC/LT plant  
Capacity raised to 60 kt

## Capacity increases 2018-2019

Synthetic rubber, Indonesia: Start-up of a new plant  
PC, Truck and Two-wheel tires, Indonesia: Acquisition of Multistrada  
Capacity up to 180 kt






# 2018-2020: profitability levers to reach around €3.7bn EBIT in 2020 at constant forex

▲ 2018-2020 EBIT growth (in €millions)





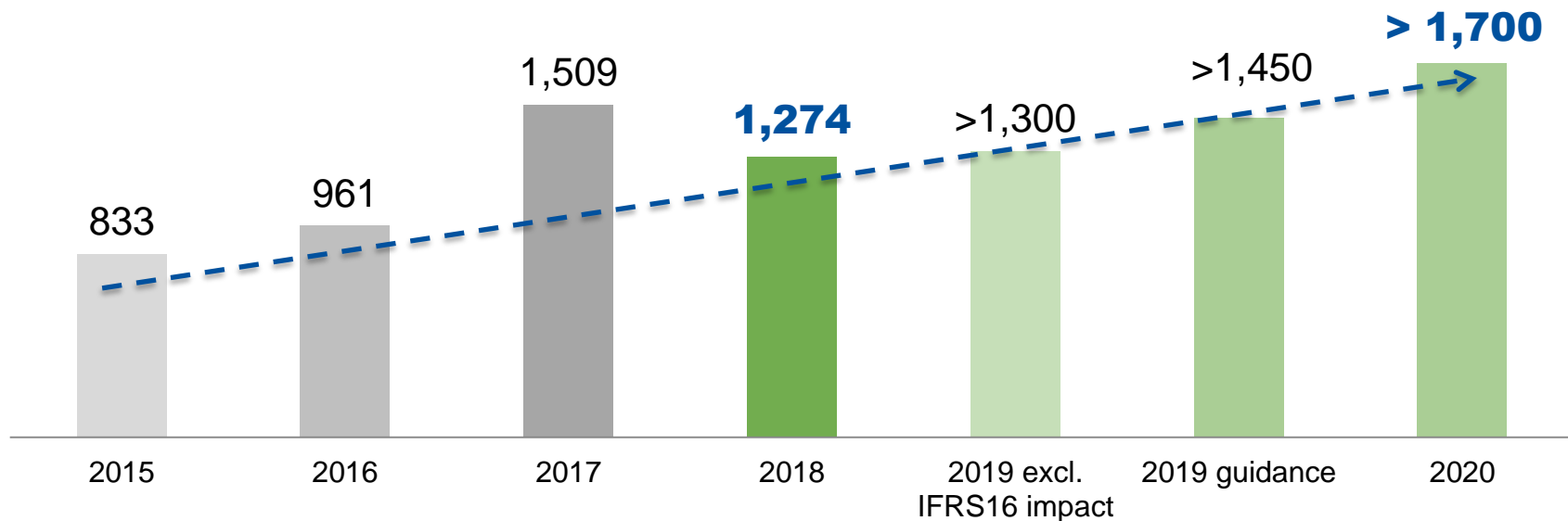
# Confirming Segment Operating Income margins ranges beyond 2018

|                                | <br>SR1 | <br>SR2 | <br>SR3 |
|--------------------------------|--|--|--|
| <b>Target ranges confirmed</b> | Between 11% and 15%  | Between 9% and 13%   | Between 17% and 24%  |



# Structural FCF: confirming at least €1.7bn in 2020

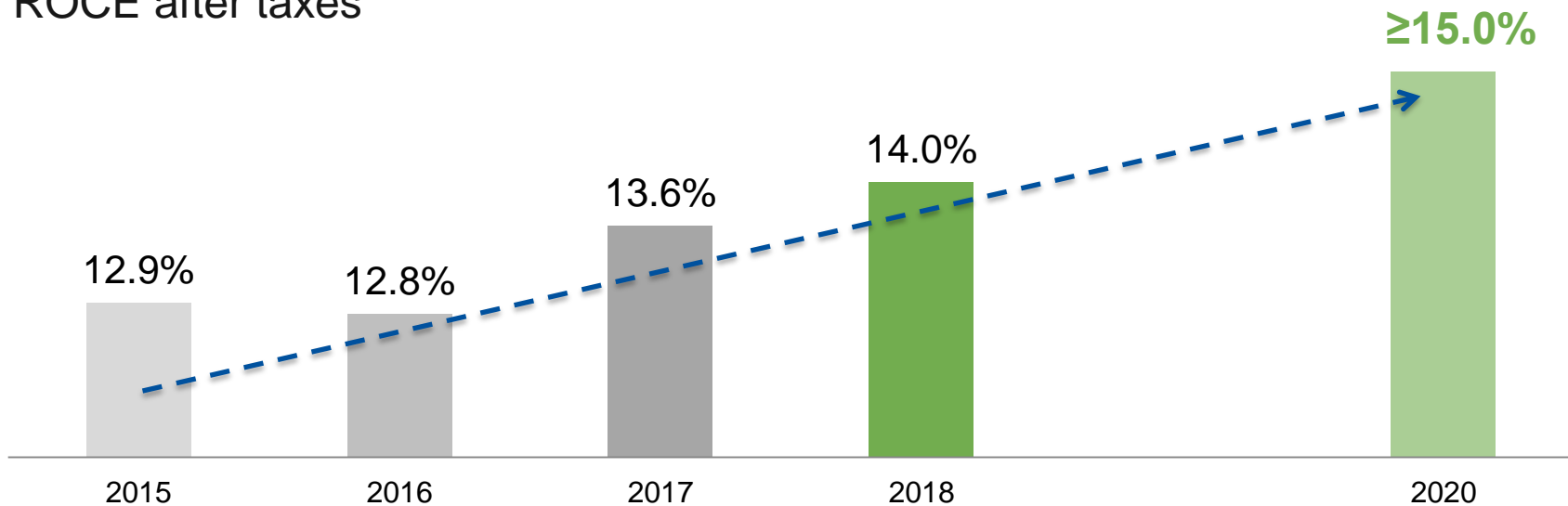
▲ Structurally growing FCF (in €millions)





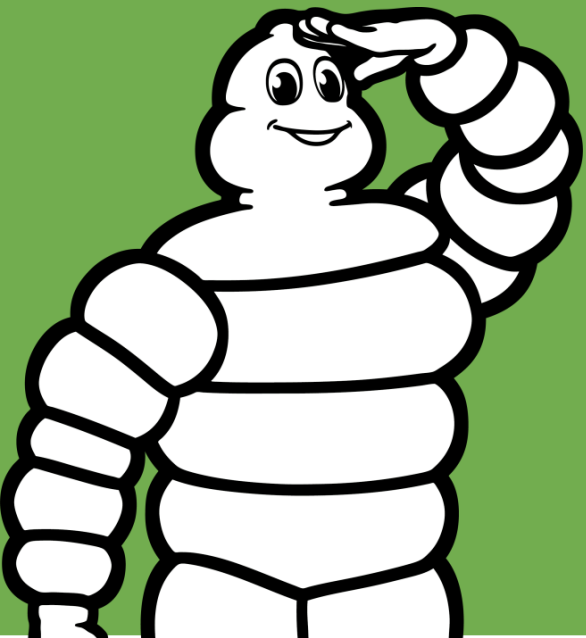
# ROCE: confirming $\geq 15\%$ in 2020

▲ ROCE after taxes



*with 31% tax rate in 2015-2016; 28% in 2017 and 26% in 2018 and excluding Goodwill*



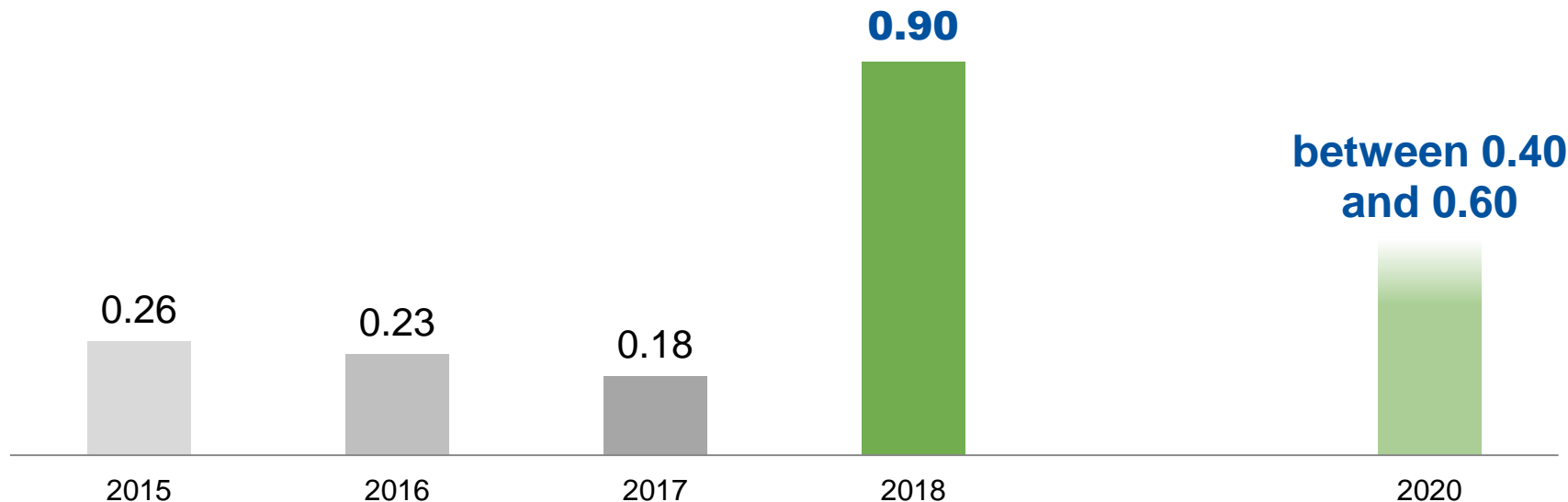


# APPENDICES



## Michelin 2020 Net debt/EBITDA ratio

▲ Net debt/EBITDA ratio





## Disclaimer

"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with *Autorité des marchés financiers*, which are also available from the <http://www.michelin.com/en/> website.

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